

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(Proposal Five)

Docket No. RM2017-9

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued October 4, 2017)

On July 5, 2017, the Commission issued Order No. 3994 to initiate a rulemaking proceeding to consider a change in an analytical method used in periodic reporting.¹ Proposal Five seeks to replace the In-Office Cost System (IOCS) sampling data with the Time and Attendance Collection System (TACS) data to determine the share of costs for letter routes and special purpose routes (SPRs).² To assist in the evaluation of the proposal and clarify its responses to Chairman's Information Request No. 1, the Postal Service is asked to provide a written response to the following questions and requests for information.³ The response should be provided as soon as possible, but no later than October 19, 2017.

1. The Postal Service states that Labor Distribution Code (LDC)⁴ 23 does not include "auxiliary assistance given a city letter route by SPR carriers, even if the

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Five), July 5, 2017 (Order No. 3994).

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Five), June 30, 2017 (Petition).

³ Responses of the United States Postal Service to Questions 1-15, 19-20, and 23 of Chairman's Information Request No. 1, August 9, 2017 (Response to CHIR No. 1).

⁴ "An LDC is a two-digit code designating personnel costs for specific activities at all postal organizations and installations." See Glossary of Postal Terms at 59.
https://ribbs.usps.gov/addressing/documents/tech_guides/pubs/Pub32.pdf.

assistance given was to relieve the route by delivering parcels.” Response to CHIR No. 1, question 15.

- a. Please explain the term “SPR carriers” in the above sentence and how SPR carriers differ from regular letter carriers.
 - b. Please define auxiliary assistance as it relates to SPR carriers and regular letter carriers.
 - c. Please specify and explain which IOCS route type codes are used to identify “auxiliary assistance” costs for both in-office and street time costs. Please specify the circumstances used to identify the specific IOCS-coded route type selected.
 - d. Please specify which LDC is used to log SPR carriers’ hours when they are providing auxiliary assistance to a city letter route.
2. The Postal Service states that time “spent on Office functions by bid carriers or their replacements on routes designated as Parcel Post Routes should be transferred to Operation Number 7340 in LDC 23.” *Id.* question 1.a.
- a. Please identify each operation and/or LDC code that these costs are transferred from and, for each such operation number and LDC, describe the reason(s) for the transfer.
 - b. Please define the term bid carrier.
 - c. Please explain the meaning of the phrase “designated as Parcel Post Routes.”
 - d. Please describe the IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Parcel Post Routes” and identify the route type(s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.

3. Please discuss the reason(s) why office functions by bid carriers on dedicated Parcel Post routes are transferred to LDC 23 while auxiliary assistance given to city delivery routes by dedicated Parcel Post routes are part of LDC 22.⁵
4. The Postal Service states that time “spent on Office functions by bid carriers or their replacements on routes designated as Combination Routes should be transferred to Operation Number 7380 in LDC 23.” *Id.*
 - a. Please identify each operation number and/or LDC that these costs are transferred from, and for each such operation number and LDC, describe the reason(s) for the transfer.
 - b. Please explain the meaning of the phrase “designated as Combination Routes.” *Id.*
 - c. Please describe the IOCS process used to code time “spent on Office functions by bid carriers or their replacements on routes designated as Combination Routes” and identify the route type (s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.
5. The Postal Service states that time “spent in the office by bid carriers or their replacements on routes designated as Carrier Driver Routes should be transferred to Operation Number 7400.” *Id.*
 - a. Please identify each operation and/or LDC code that these costs are transferred from and, for each such operation number and LDC, describe the reason(s) for the transfer.

⁵ The Postal Service states that “[a]uxiliary assistance given to city delivery routes by dedicated Parcel Post routes, even if the assistance given was to relieve the route by delivering parcels, is not part of LDC 23. That assistance is still part of the carrier’s Street Time and is part of the carrier’s route time. It must, therefore, be attributed to LDC 22.” *Id.*

- b. Please explain the meaning of the phrase “designated as Carrier Driver Routes.” *Id.*
 - c. Please describe the IOCS process used to code time “spent in the Office by bid carriers or their replacements on routes designated as Carrier Driver Routes” and identify the route type (s) this time is coded to. Please describe the circumstances used to determine the specific IOCS-coded route type selected.
6. Currently, in the IOCS coding and editing process some of the costs of city carriers that are not assigned to a route are grouped with the regular letter route group costs, some are grouped with the SPR group costs, and some are grouped with other overhead costs.⁶ Please explain the process for determining which activities of carriers that are not assigned to a route are grouped with the letter route group, SPR group, and overhead group costs.
7. The Postal Service states that carrier SPR activities can “include any of the duties associated with SPR routes, including but not limited to firm pickups and bulk deliveries.” *Id.* Please describe the five most common SPR activities and indicate approximately what portion that each of these activities comprises of the total of SPR activities.
8. Please confirm that the “ALB104” program, found in the Proposal Five Library Reference USPS-RM2017-9/1, folder “SASPrograms,” will replace the currently

⁶ The Postal Service states that “[c]ity carriers, either full-time or otherwise, who are not assigned to a specific route will have their route type designated as ‘99’ in IOCS.” *Id.* question 5. The Postal Service also states that “[i]n the extant proposal, route type ‘99’ is assigned to the Regular Letter route group” *Id.* Under the current IOCS editing, carriers not assigned to a specific route street time is coded to the special purpose route code “98-Other.” See Docket No. ACR2016, Library Reference USPS-FY16-37, In-Office Cost System (IOCS) Documentation (Public Version) folder “SASPrograms,” program “ALB078,” section “*CARRIER NOT ON PREMISES AND NOT ASSIGNED TO A ROUTE,” at 3, December 29, 2016. City carriers unassigned to a route costs grouped with overhead costs are training (not handling mail), checking the vehicle, loading/unloading the vehicle and clocking in/out. See Docket No. ACR2016, Library Reference USPS-FY16-32, Excel file “CS06&7-Public-FY16.xlsx,” tab “6.0.3,” December 29, 2016.

used program “ALB106” found in Docket No. ACR2016, Library Reference USPS-FY16-37, folder “SASPrograms.” If not confirmed, please explain how the new program “ALB104” will be used with the existing SAS programs found in Docket No. ACR2016, Library Reference USPS-FY16-37, folder “SASPrograms.”

9. Please refer to Docket No. ACR2016, Library Reference USPS-FY16-37, folder “SASPrograms,” program “ALB101,” which assigns IOCS statistical weights and cost weights. *Id.* Its programming code contains calculation steps to adjust the statistical weights for a four-fifths reduction in the sample of city carriers for period 3.⁷
 - a. Please identify all possible ranges of hours for period 3.⁸
 - b. Please explain why the city carrier sample for period 3 was reduced by four-fifths.
 - c. Please discuss whether the city carriers sample reduction will continue into FY 2017, and if so why.
 - d. Please discuss the impact of the sample reduction on the IOCS city carrier estimates. Please include a discussion of how the impact relates to the issues described in the Petition (e.g., loaning carriers to other offices, new city carriers).
10. Please identify any other IOCS-related SAS programs that will be modified as a result of Proposal Fives and describe the changes to the affected programs.
11. Please refer to Library Reference USPS-RM2017-9/1, folder “SASPrograms,” program “TACSUMQX.”

⁷ See the program “ALB101” code at 8 and the explanatory note: “*Since the sample for carriers for period 3 was reduced by 4/5 then the weight needed to be increased by the inverse of the remaining 1/5 or 5/1.” *Id.*

⁸ The variable “f17” reading interval with a value of 3 is defined as the “3rd 2 hour interval” in Excel file “IOCSDataDictionaryFY16.xlsx,” at 1. See Docket No. ACR2016, Library Reference USPS-FY16-37.

- a. The program contains a note stating that its purpose is to summarize TACS data for the revised IOCS Cluster V2 system. Library Reference USPS-RM2017-9/1, at 1. Please describe how the IOCS Cluster V2 system differs from the IOCS non-Cluster system. In the response, please indicate whether the number of offices, counted by Cost Ascertainment Groups (CAGs), differ between the two systems.
 - b. The program creates a variable called "TimeSplt" to divide workhours into morning and afternoon categories. *Id.* at 4. Please discuss the reasons for the workhours split and how it is used in the IOCS Cluster V2 system to create the city carrier cost estimates.
 - c. Please specify the range of hours identified as morning and as afternoon in the "TimeSplt" variable.
 - d. The program also maps the TACS roster designation and activity code to the IOCS Craft groups for Supervisors, Clerks, Mailhandlers, and rural carriers acting as City Carriers. Please identify whether (and how) Proposal Five would impact each of these IOCS craft groups.
 - e. Please describe the reason(s) for the following code, found on page 4 of the "TACSUMQX" program:


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      *Restrict to relevant subset of TACS records;
      if(/*(substr(LDCGrp,1,3) in ('Del','MP1','MP4','Trn')
      or craftGrp in (1,2,3,4,5,6))
      and*/ (&bgnDate <= modsDate <= &finDate) );
```
12. Please refer to Library Reference USPS-RM2017-9/1, folder "SASPrograms," program "ALB104." The program states that its purpose is "to

create control totals for Regular Letter Carriers and Special Purpose Route Carriers by CAG and adjust the existing IOCS Tallies to these control totals.”⁹

- a. The program utilizes the same four quarterly adjustment factors to revise the IOCS tallies’ associated costs, across all CAGS, with a variable called the “CostControlMultiplier.”¹⁰ *Id.* at 3. Please specify the reason(s) why adjustment factors specific to the CAG group of the IOCS tallies are not used.
 - b. Does the Postal Service plan on using the same developed adjustment factors and methodology in future Annual Compliance Report (ACR) filings? If not, please specify what changes are anticipated, and explain how or whether the adjustment factors used to create the Proposal Five impact estimates approximate the impact of all planned changes associated with Proposal Five.
13. Please refer to Library Reference USPS-RM2017-9/1, folder “SASPrograms,” program “PCCARMM16ByRouteType_TACSAdjPub.”. The program section labeled “****SELECT CASING DEFINITION****” includes code intended for use in the “Delivery Cost Model inputs.” *Id.* at 2-3. Please identify any other SAS programs, workbooks, or output typically included in the Postal Service’s ACR filings with its Delivery Cost Model library reference that will change as a result of Proposal Five, and describe the changes of any that will be affected.
14. Will the number of offices in the IOCS sample panel be reduced as a result of Proposal Five, and if so, by how much?

⁹ See Library Reference USPS-RM2017-9/1, PDF file “RM2017.9_1.Preface.pdf,” Appendix A: Program Documentation.

¹⁰ The “CostControlMultiplier” is comprised of the ratio of quarterly TACS developed costs (“TACSCostControlNum”) to the quarterly developed IOCS costs associated with the tallies (“IOCSCostControlNum”) across all CAGs full-time carriers letter route group total costs, part-time carriers letter route group total costs, full-time carriers special purpose route group total costs, and part-time carriers special purpose route group total costs.

15. Please refer to the Response to CHIR No. 1, question 23. There, the Postal Service analyzed the presented hypothetical scenario and stated that two hours, in which the carrier performed delivery activities outside of their regularly assigned carrier route, should be classified as letter route street time (LDC 22). The Postal Service stated its response was assuming that the two hours were spent on a single other letter route. In the response, assume that the rest of the scenario is as posited in the original question.
- a. How would the adjusted LDC for the final two hours be recorded if those two hours were spent on two or more letter routes other than the carrier's regular route?
 - b. Define "overflow parcels" as parcel volume that a letter route carrier was unable to deliver on their first run through their regular route. How would the adjusted LDC for the final two hours be recorded if those two hours were spent delivering overflow parcels on a single letter route other than the carrier's regular route?
 - c. How would the adjusted LDC for the final two hours be recorded if those two hours were spent delivering overflow parcels on two or more letter routes other than the carrier's regular route?

By the Chairman.

Robert G. Taub